

NASSAU COUNTY LEGISLATURE

NORMA GONSALVES,
PRESIDING OFFICER

PLANNING, DEVELOPMENT AND
THE ENVIRONMENT COMMITTEE

LAURA SCHAEFER,
CHAIRWOMAN

1550 Franklin Avenue
Mineola, New York

July 27, 2015
2:31 p.m.

REGAL REPORTING SERVICES
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A P P E A R A N C E S:

LAURA SCHAEFER
Chair

DENNIS DUNNE
Vice-Chair

DENISE FORD

STEVEN RHOADS

JUDY JACOBS
Ranking

CARRIE SOLAGES

LAURA CURRAN

WILLIAM J. MULLER, III
Clerk of the Legislature

LIST OF SPEAKERS

KEVIN WALSH.	5
DAVID RAGNAETTI.	10
JOSH MEYERS.	13

1 Planning, Development & Environment Committee - 7-27-15 4
2 CHAIRWOMAN SCHAEFER: I call the
3 Planning, Development and Environment Committee
4 to order. I will ask the clerk to call the roll,
5 please.
6 CLERK MULLER: Legislator Curran?
7 LEGISLATOR CURRAN: Here.
8 CLERK MULLER: Legislator Solages?
9 LEGISLATOR SOLAGES: Here.
10 CLERK MULLER: Ranking Member,
11 Legislator Jacobs?
12 (No verbal response.)
13 CLERK MULLER: Legislator Rhoads?
14 LEGISLATOR RHOADS: Here.
15 CLERK MULLER: Legislator Ford?
16 LEGISLATOR FORD: Here.
17 CLERK MULLER: Vice Chairman Dunne?
18 LEGISLATOR DUNNE: Here.
19 CLERK MULLER: Chairwoman Schaefer?
20 CHAIRWOMAN SCHAEFER: Here.
21 CLERK MULLER: We have a quorum.
22 CHAIRWOMAN SCHAEFER: Okay. We have
23 three items -
24 CLERK MULLER: Legislator Jacobs is
25 here. I'm sorry. Legislator Jacobs is here.

2 CHAIRWOMAN SCHAEFER: We have three
3 items on the agenda today; the first one is Clerk
4 Item 264-15, which is an ordinance making certain
5 determinations pursuant to the State
6 Environmental Quality Review Act and authorizing
7 the grant of a license to Beacon Wireless, LLC to
8 utilize an approximately 1600 square foot portion
9 of county-owned real property situated in
10 Hewlett, Town of Hempstead, County of Nassau,
11 State of New York, said real property known as
12 Section 42, Block 221, Lot 279 on the land an tax
13 map of the County of Nassau and authorizing the
14 county executive of the County of Nassau to
15 execute an amendment to a license agreement
16 between the County of Nassau and Beacon Wireless,
17 LLC and all pertinent documents in connection
18 therewith.

19 May I have a motion?

20 LEGISLATOR DUNNE: So moved.

21 LEGISLATOR RHOADS: Second.

22 CHAIRWOMAN SCHAEFER: Moved by
23 Legislator Dunne, seconded by Legislator Rhoads.

24 MR. WALSH: Good afternoon, legislators.
25 Kevin Walsh from the Office of Real Estate

2 Services.

3 This license amendment to you is the
4 fourth amendment for Beacon Wireless. You may
5 recall we had an amendment probably five, six
6 months ago to enable an installation at the
7 Second Precinct. This installation will enable
8 an installation at the Fourth Precinct in
9 Hewlett.

10 CHAIRWOMAN SCHAEFER: Are there any
11 questions?

12 (No verbal response.)

13 I do have a couple of questions myself.

14 Does this require county approval before
15 we accommodate wireless technologies?

16 MR. WALSH: The master license, which
17 went into effect about five years ago, requires
18 that Beacon, each time they want to do an
19 amendment to a new installation, go through the
20 full process, which means it goes to the Planning
21 Commission, which this did, which notifies all
22 the adjoining property owners within a certain
23 radius area, and each license amendment comes to
24 this body.

25 CHAIRWOMAN SCHAEFER: Okay. At the

2 Fourth Precinct, this particular one, how many
3 carriers do you currently contract with?

4 MR. WALSH: Right now there is no
5 commercial installation on the radio antenna with
6 the PD. This is going to enable a new
7 replacement tower to be constructed, which will
8 facilitate carriers. Each carrier will pay a
9 one-time fee of \$25,000 to the county, and the
10 county will share 50 percent of the revenue,
11 which is the same business arrangement with all
12 of the other facilities, which is just, to kind
13 of refresh your memory, there is one at Cedar
14 Creek Park, there is one at the roof of 240 Old
15 Country Road, one at the Second Precinct, and now
16 the Fourth Precinct.

17 CHAIRWOMAN SCHAEFER: Okay. So this
18 could open up to as many carriers as you may --
19 or is it just with the police department,
20 etcetera, that it's going to be adding. Is there
21 a potential for there to be more carriers added
22 to it?

23 MR. WALSH: Yes. Absolutely. That's
24 the goal. As much as safely can be put on the
25 antenna.

2 CHAIRWOMAN SCHAEFER: Okay. And I guess
3 it would obviously improve safety, having a
4 better carrier or having this company there and a
5 better tower and the ability to communicate
6 easily.

7 MR. WALSH: Absolutely. It's a better
8 benefit for the PD in this area too. It will be
9 a newer, more structurally, probably, sound
10 tower.

11 CHAIRWOMAN SCHAEFER: Okay. Does it
12 also help the fire departments? Isn't that all
13 part of it?

14 MR. WALSH: I'm not sure whether they
15 have that equipment. That's something that
16 certainly can be looked at.

17 CHAIRWOMAN SCHAEFER: Okay. Thank you.
18 Is there any public comment on this item?
19 Legislator Ford.

20 LEGISLATOR FORD: Thank you. This will
21 be located on currently the building for the
22 Fourth Precinct, right, on the precinct house?

23 MR. WALSH: It will be actually on land
24 adjacent to it. It will be on land where the
25 current tower is. It will be a replacement

2 tower.

3 LEGISLATOR FORD: Okay. So then --
4 because I know that we're planning on rebuilding
5 the Fourth Precinct. So that will not have any
6 impact on this tower.

7 MR. WALSH: Right. It will have no
8 impact on that.

9 LEGISLATOR FORD: Thank you.

10 CHAIRWOMAN SCHAEFER: All those in favor
11 of passing this item please signify by saying
12 aye.

13 (Aye.)

14 Any opposed?

15 (No verbal response.)

16 The item passes unanimously.

17 MR. WALSH: Thank you.

18 CHAIRWOMAN SCHAEFER: Thank you.

19 The next item is Clerk Number 278-15,
20 which is an ordinance making certain
21 determinations pursuant to the State
22 Environmental Quality Review Act and authorizing
23 the county executive of the County of Nassau to
24 accept, on behalf of the County of Nassau, an
25 office of purchase from Journal Castma, of

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2 certain premises located in the Town of North
3 Hempstead, County of Nassau, State of New York,
4 said real property known as Section 11, Block 90,
5 Lot 128 on the land an tax map of the County of
6 Nassau and authorizing the county executive of
7 the County of Nassau to execute a deed, contract
8 of sale, and all pertinent documents in
9 connection therewith to consummate the sale.

10 Can I have a motion, please?

11 LEGISLATOR DUNNE: So moved.

12 CHAIRWOMAN SCHAEFER: Moved by
13 Legislator Dunne. Seconded?

14 LEGISLATOR RHOADS: Second.

15 CHAIRWOMAN SCHAEFER: Seconded by
16 Legislator Rhoads.

17 Hi.

18 MR. RAGNAETTI: Hi. Good afternoon. My
19 name is David Raganetti from the county
20 attorney's office. This is the proposed sale of
21 a parcel in Westbury. It's on Siegel Street
22 between Prospect Avenue and Roman Avenue. It is
23 a Class 1 residential vacant property. It's
24 passed through all of the normal OSPAC and
25 planning processes, including notice to adjoining

2 property owners.

3 There was a non-conditional approval and
4 recommendation from planning for release of the
5 parcel.

6 CHAIRWOMAN SCHAEFER: Does anybody have
7 any questions on this item? Legislator Rhoads.

8 LEGISLATOR RHOADS: Thank you. Deputy
9 County Attorney Raganetti, will the inclusion of
10 this parcel create a sub dividable lot?

11 MR. RAGANETTI: Not at this time.

12 LEGISLATOR RHOADS: Okay. Thank you.

13 CHAIRWOMAN SCHAEFER: Any other
14 questions from any of the other legislators?
15 Legislator Curran.

16 LEGISLATOR CURRAN: How is the property
17 going to be used? Do we know?

18 MR. RAGANETTI: I believe it will
19 continue to be vacant residential land by the
20 prospective purchaser.

21 LEGISLATOR CURRAN: Thank you.

22 CHAIRWOMAN SCHAEFER: Any public comment
23 on this item?

24 (No verbal response.)

25 Just to clarify, I want to make sure I

2 said Block 91. Is that right?

3 MR. RAGANETTI: It is Block 91, correct.

4 CHAIRWOMAN SCHAEFER: Okay. Thank you.

5 All those in favor of passing this item
6 please signify by saying aye.

7 (Aye.)

8 Any opposed?

9 (No verbal response.)

10 The ayes have it. The item passes
11 unanimously.

12 The final item before this committee is
13 Clerk Item Number 291-15, which is an ordinance
14 authorizing the county executive to execute an
15 amendment to the certain lease dated as of
16 February 2, 1990, between Nassau District Energy
17 Corp., now known as Nassau Energy, LLC., as
18 tenant, of certain premises described as Section
19 44, Block F, P/O Lot 317C on the land and tax map
20 of Nassau County located at Charles A. Lindbergh
21 Boulevard, Uniondale, New York, all as in the
22 lease more particularly described, and
23 authorizing the county executive to execute all
24 pertinent documents in connection therewith to
25 consummate the lease amendment.

2 Can I have a motion?

3 LEGISLATOR DUNNE: So moved.

4 LEGISLATOR RHOADS: Second.

5 CHAIRWOMAN SCHAEFER: Moved by
6 Legislator Dunne, seconded by Legislator Rhoads.

7 Are you here to speak on this item?

8 MR. MEYERS: Yes.

9 CHAIRWOMAN SCHAEFER: Okay.

10 MR. MEYERS: Josh Meyers, Pannone Lopes
11 Devereaux & West, 81 Main Street, White Plains,
12 New York 10601.

13 So, this is an amendment to the existing
14 lease with Nassau Energy LLC. The County is
15 nearing the end of the 25 year lease with Nassau
16 Energy LLC to provide the thermal energy to a
17 number of customers within the HUB. That thermal
18 energy is hot and chilled water and steam, as
19 well.

20 Nassau Energy LLC, 25 years ago, utilized
21 private money to construction a co-generation
22 facility utilizing natural gas to generate
23 electricity, and this is the waste heat that is
24 thrown off of this facility powers the boilers
25 and chillers to send the thermal energy to these

2 nine different customers within the HUB.

3 Right now, the current lease expires in
4 2016. We're here today on the amendment to
5 extend for a one year or a two year period, at
6 the discretion of the county. Also, there is a
7 credit to the county for each year of that
8 extension of 950,000, plus an additional credit
9 based on a formula that's included in the
10 amendment, for up to \$1.75 million in the first
11 year and \$1.25 million in the second year, for a
12 total potential credit to the county of \$4.9
13 million over the two year term.

14 The amendment itself is beneficial to the
15 county because it's not clear what the electric
16 rates will be over the next two years. We're
17 going to go out to an RFP on this project for a
18 lease, to continue a long-term lease of this
19 facility or have someone, a new proposer come in
20 and construct a new co-generation facility to
21 give better rates for the county and its
22 customers.

23 Just to go through it a little bit for
24 the background. This facility is actually on the
25 other side of Charles Lindbergh Boulevard, from

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2 the Coliseum. As I said, it was built
3 approximately 25 years ago. It services nine
4 different customers in the HUB. So it's the
5 Nassau Community College, the Coliseum, the
6 Cradle of Aviation Museum, the Marriott Hotel,
7 the Children's Museum, NUMC, the Correctional
8 Facility, the Aquatic Center, and the Eisenhower
9 Park technical services facility. Some of those
10 receive hot water and chilled water and the
11 remaining customers received steam.

12 As I indicated, what we're going to do is
13 go out for an RFP probably in the next three
14 weeks to a month to determine if we can get a new
15 proposer in there to operate the facility on a
16 long-term basis.

17 CHAIRWOMAN SCHAEFER: Thank you.

18 MR. MEYERS: Sure.

19 CHAIRWOMAN SCHAEFER: Does anyone have
20 any questions? Legislator Curran.

21 LEGISLATOR CURRAN: Hi.

22 MR. MEYERS: Hi. How are you?

23 LEGISLATOR CURRAN: I'm fine, thanks.

24 So, this is something with many moving parts, and
25 I have a few questions.

2 How was the \$950,000 for the credit, how
3 was that determined?

4 MR. MEYERS: That was through a
5 negotiated basis with the current operator. It's
6 SUEZ, really, Nassau Energy. It was just based
7 on -- it's on mutually agreeable terms. They
8 could have said that it was nothing, and we could
9 not have moved forward with any type of
10 extension. It was over an extended negotiated
11 period, to have the 950 plus this formula-based
12 credit.

13 LEGISLATOR CURRAN: And where will this
14 950,000 go?

15 MR. MEYERS: That will be on credit with
16 the company, and then the county can apply
17 whatever monthly invoices that come to the
18 county, be applied against that. So right now
19 you have the actual cost to supply this steam
20 heat as well as the chilled and hot water to
21 those county customers, plus right now the county
22 also pays real property taxes on that facility,
23 and those portions -- to the school districts and
24 to the towns and villages, to the town and the
25 villages there, and they can apply that as well.

2 LEGISLATOR CURRAN: Okay. Also, you
3 talk about the nine different customers - the
4 College, the jail, the hotel, the museums, and
5 Coliseum. What happens with the agreement with
6 these other entities? Are those done too at the
7 same time? Are they all on the same timeline?
8 Will they all be covered by the same RFP?

9 MR. MEYERS: Yes. That's correct.
10 Under this existing agreement and existing lease
11 that the county has. Certain of those the county
12 is responsible for and -- so the Marriott the
13 county does not cover. On the Coliseum, the
14 county currently covers those costs, but with the
15 new agreement, when Forest City Ratner takes over
16 on August 1, next Saturday, the county will shed
17 themselves of those costs, which is about a
18 million to a million and a half dollars a year.

19 LEGISLATOR CURRAN: Okay. All right.

20 There is -- let's see. Is there -- do we
21 have an estimate of the current sale price of
22 this co-generation plant?

23 MR. MEYERS: The actual asset value?

24 LEGISLATOR CURRAN: Yeah.

25 MR. MEYERS: The proposed book value, as

2 they call it, is approximately \$27 million.

3 Pursuant to the lease, the entity, Nassau Energy,
4 is able to, through generally accepted accounting
5 principles, through GAAP, they're allowed to
6 value, under the lease, the current book value.

7 It's based on the way that they depreciated the
8 asset. If the county chose to accept -- chose to
9 keep that facility at the end of their term, if
10 we didn't extend it in June of 2016 or if this
11 amendment went through in 2018, if the county
12 chose to keep that facility, they would end up
13 paying that book value. That book value has been
14 set by SUEZ, and we're still in the process of
15 negotiating that, at approximately \$27 million.

16 LEGISLATOR CURRAN: Okay. There is a
17 concern that this, you know, was a 25 year lease
18 and we're asking for an extension a little bit at
19 the last minute. I'm concerned that maybe we
20 can't necessarily be negotiating for the best
21 deal for the county.

22 MR. MEYERS: Right. It's been, as I
23 indicated, we've been negotiating with them.
24 They could have come back and said at any point,
25 and this has been over the last few months, last

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2 probably six to eight months. They could have
3 come back and said because it's a mutually
4 agreeable terms that it's zero that they would
5 give us back to us. So the county, through the
6 committee that is in place to review these items,
7 indicated that this was probably the best deal we
8 could get for the county. And we feel based on
9 the way that the electricity rates are going that
10 this is an excellent deal for the county. When
11 we go back out for an RFP the savings may be more
12 or less than this. We have Parsons Brinkerhoff
13 (phonetic) assisting us as the engineering firm,
14 and they felt that based on the way the
15 electricity market was moving that this is the
16 best deal for the county.

17 LEGISLATOR CURRAN: So you say this is a
18 good deal. Is there something that we can
19 reference that we're getting energy at a good
20 price? Is there an outside, independent way that
21 we can compare that?

22 MR. MEYERS: We won't be able to see
23 that until we receive the proposals in response
24 to the RFP.

25 LEGISLATOR CURRAN: Okay.

2 MR. MEYERS: As I indicated, it's up to
3 a \$4.9 million savings, or an average of \$2.45
4 million each year for two years over what the
5 county is currently receiving.

6 LEGISLATOR CURRAN: I see.

7 MR. MEYERS: We know that that's a good
8 deal on that basis.

9 LEGISLATOR CURRAN: Okay. I have one
10 more question.

11 You said the RFP - one of my questions
12 you actually answered. You said the RFP is going
13 to go out in three weeks to a month.

14 MR. MEYERS: Yes.

15 LEGISLATOR CURRAN: Okay. Thank you.

16 MR. MEYERS: Thank you very much.

17 CHAIRWOMAN SCHAEFER: Legislator Ford,
18 you have a question?

19 LEGISLATOR FORD: What would happen if
20 they decided not to extend the lease? What would
21 happen in 2016 if we didn't extend it?

22 MR. MEYERS: In 2016, we would be
23 conducting the procurement and the existing --
24 the proposers that would come in would either
25 take over that facility or construct a new

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2 facility on an adjacent site and be able to --
3 you could actually run the existing facility with
4 the county's boilers and chillers that they
5 currently own. This is just a more efficient,
6 effective process. There are boilers and
7 chillers on site right now; the county could
8 utilize those, those are the one that were county
9 owned and the county had built prior to this co-
10 generation facility being constructed. The
11 county could just go in and operate those. This
12 is just a more efficient and effective basis
13 through the co-generation.

14 LEGISLATOR FORD: By continuing with the
15 person, the energy supplier right now.

16 Like, would we be able to take over and
17 operate this by 2016 on our own if we did not
18 have, if we didn't have anybody to take the place
19 of the company that we have.

20 MR. MEYERS: The County could. But we
21 could easily, very quickly conduct a request for
22 proposal process for just an operator, not to
23 bring in a new co-generation facility.

24 LEGISLATOR FORD: Just operate it, you
25 know, for a certain amount of time with the

2 existing technology that we're using right now.

3 MR. MEYERS: That's correct. The
4 boilers and chillers onsite have been reviewed by
5 Parsons Brinkerhoff and we have, through a
6 request for expression of interest process,
7 spoken to the nine largest players in this
8 industry throughout the country that are
9 interested in this facility and they indicated
10 that they have reviewed this facility and all the
11 technical data associated with that and they
12 could easily provide the services necessary with
13 the existing boilers and chillers.

14 LEGISLATOR FORD: Okay. So then by
15 extending it for two years, we could then do an
16 RFP to see if there is another vendor who can
17 come and do co-gen energy, correct?

18 MR. MEYERS: Yes. There is significant
19 interest from the players in the industry on that
20 that think that they could come in and operate
21 this and provide potentially better rates.

22 LEGISLATOR FORD: So what they could do
23 is they could keep then the co-generation going,
24 in case -- more than likely they're probably
25 going to have to build a new power plant, so to

2 speak, on the adjacent site, correct?

3 MR. MEYERS: Potentially. That's
4 correct. And the two years is required in order
5 to appropriately size the co-generation facility
6 as well as get permits. They're burning natural
7 gas onsite there. You need permits from the
8 state DEP, so that all takes time in order to
9 bring in a facility like that.

10 LEGISLATOR FORD: I know that Legislator
11 Curran, she brought up, to make sure that we are
12 getting the best value right now, that we are
13 getting, you know, proper reimbursement from this
14 company.

15 MR. MEYERS: Like I said, so, when you
16 take a look at it and you see the significant
17 savings based on what the county has been paying
18 since that time, it's a significant savings.

19 LEGISLATOR FORD: Thank you.

20 CHAIRWOMAN SCHAEFER: Legislator Jacobs.

21 LEGISLATOR JACOBS: Most of my questions
22 have been covered already, but I wanted to ask
23 you something.

24 I'm assuming, and I hope correctly so,
25 that after 25 years the reason for a new RFP is

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2 to make sure that we're getting the right amount,
3 that we're getting the right amount.

4 MR. MEYERS: That you're getting the
5 right amount and you're using the highest and
6 best technology onsite. There are a lot of
7 things that have changed. You can look at micro
8 grids that facility.

9 Right now all of the electricity that's
10 being generated onsite is being sold to LIPA. So
11 that could potentially be brought onsite. We'll
12 be looking at the police training facility as a
13 new facility that's right down the road from
14 there. But it is to make sure the county's
15 getting the best rates for this service and to
16 bring in the --

17 LEGISLATOR JACOBS: I just have a couple
18 of very quick ones for you.

19 Are you imagining that this particular
20 company will be involved in that new RFP?

21 MR. MEYERS: Yes. They have expressed
22 their intention to propose on this process.

23 LEGISLATOR JACOBS: Okay. Is there any
24 way you have of knowing whether they have done
25 updates through the years?

2 MR. MEYERS: Yes. Actually, there was a
3 review conducted and they were hired by the
4 county, I would say, within the last eight months
5 or so. DCO Energy actually went onsite, reviewed
6 all the maintenance records, reviewed the
7 facility, and prepared a report associated with
8 that to say that they kept the facility up,
9 running, and maintained in accordance with good
10 industry practice.

11 LEGISLATOR JACOBS: That's good. My
12 last one was this. You said about three to four
13 weeks before the RFP goes out --

14 MR. MEYERS: Yes.

15 LEGISLATOR JACOBS: What, in your mind,
16 when would you say -- number one, when will they
17 actually go out and when do we expect them to
18 come back? How many days do they have once they
19 go out?

20 MR. MEYERS: It will probably remained on
21 the street for approximately a four month period
22 in order to give them time to go onsite and
23 review as well as review the technical data
24 associated with that, and then probably -- there
25 will be a review of those proposals and then a

2 negotiation period following that.

3 LEGISLATOR JACOBS: Why isn't this
4 particular piece of property tax exempt? I'm not
5 saying that I'm sad that it's not. But why isn't
6 it tax exempt? Why are we paying taxes on it?

7 MR. MEYERS: Right. So there was
8 litigation on it. It was unclear at the time in
9 the existing lease, when it was entered into with
10 who was Tri-Gen Energy. There was litigation on
11 that. The county -- it was unclear in that
12 lease.

13 At the time, the county, through a
14 settlement process, ended up indicating that they
15 were going to pay the first \$100,000 of any real
16 property taxes on the site, that's when the real
17 property taxes were \$100,000. As of recently,
18 the taxes on the site were \$2.4 million, which
19 the county was required to pick up the tab on
20 that. They reassessed it within the last year or
21 two; it was \$1.6 million. The county, through
22 that litigation, through the settlement process
23 had agreed to make those payments.

24 LEGISLATOR JACOBS: It's a little
25 strange, right? Because it's our property.

2 MR. MEYERS: It's very strange. What
3 will happen in this next one, which is, like I
4 said, we'll be shedding the costs for the
5 Coliseum, that's another benefit of the Coliseum
6 project, is that Forest City Ratner picks up all
7 those costs. On this deal, the next operator and
8 next lessee of this property will go in and
9 they'll be required to make those real property
10 tax payments. So the next operator coming in
11 will make those. The only thing I can say is
12 they're going to pass that along through the
13 rates to the customers.

14 LEGISLATOR JACOBS: I just have to ask
15 you one question that's bothering me. I've been
16 here a long time. I just don't quite understand
17 when it's county property it's exempt. No matter
18 what the lease says -- how do you have those two
19 meet in a logical way? It's exempt property but
20 because the lease didn't particularly say it was
21 exempt we're paying taxes on it all this time.

22 MR. MEYERS: You're not paying them
23 obviously to the county. You're paying them to
24 those localities, to the town and to the school
25 district.

2 LEGISLATOR JACOBS: To the towns and
3 school districts, okay. So it's almost like a
4 pilot, in a way. Similar to a pilot.

5 MR. MEYERS: Yes. And it was through
6 the settlement. Yes.

7 LEGISLATOR JACOBS: Okay. Thank you
8 very much.

9 CHAIRWOMAN SCHAEFER: I have one quick
10 question. Maybe you answered this before. What
11 happens in two years? You said we're extending
12 it for two years. The current provider will go
13 into an extended lease, or?

14 MR. MEYERS: So then we're conducting
15 the RFP process. The procurement process is
16 beginning in the next three to four weeks, and
17 that would bring in a new operator and a new
18 lessor, potentially, to construct a new facility
19 onsite or take over the existing equipment and
20 operate that facility. So at the end of that two
21 years, either Suez will potentially propose on
22 that. So it will either go Suez or a new
23 proposer at that time, which we will determine
24 probably in the next nine to 12 months, who will
25 be taking it over at that time.

2 CHAIRWOMAN SCHAEFER: Okay. Thank you.

3 MR. MEYERS: Sure.

4 CHAIRWOMAN SCHAEFER: Legislator Rhoads.

5 LEGISLATOR RHOADS: Thank you, Madam
6 Chairwoman.

7 Mr. Meyers, just so I understand, we keep
8 talking about it as being a two year extension.
9 Is this actually a one year extension with a one
10 year county option?

11 MR. MEYERS: Right. The county has
12 until October of this year to make the
13 determination, whether or not to make it a one or
14 two year extension.

15 What happens is - I started to get into
16 the discussion with Legislator Curran - is that
17 if the county wanted to take over the facility -
18 what happens is this is effectively one of the
19 first public-private partnerships that the county
20 entered into 25 years ago. So, Suez actually
21 came in and fronted the money to construct this
22 facility. The state comptroller came in and said
23 if the county wants to step back in and take that
24 over, the county would need to pay book value at
25 the end of the term. The county also has the

2 option to tell Suez to pull the equipment, and
3 we'll just have someone come in and construct a
4 new co-generation facility in there. How that
5 relates to the one or two year extension is we
6 also have to pay book value on the 3.5 mile steam
7 pipe that goes from here to NUMC. Through
8 negotiations, we've indicated, with Suez is that
9 if we extend it for one year, we still have to
10 pay the book value for the steam pipe. If we go
11 for two years, we pay them \$1 for the steam pipe.
12 The book value on the steam pipe is approximately
13 \$3.5 million right now. So the county would get
14 the added benefit if they do that.

15 We would probably make that determination
16 prior to issuing the RFP. So we would probably
17 make it within the next month as to whether or
18 not we're going to go for one or two years. With
19 this extension we wouldn't do one year and then
20 do another year. We'll either tell them with the
21 RFP is issued because you need that certainty in
22 the RFP or else the proposers are all over the
23 place when they come in with their proposals.
24 Here, they want that certainty. They want to
25 know whether or not they're going to need to --

2 excuse me -- purchase that equipment for book
3 value; that would cost the proposer \$27 million
4 to take over the existing assets, as well as the
5 steam pipe. So we want that certainty, how long
6 and how long they have to construct their new
7 facility and get their permits. Prior to the
8 issuance of the RFP, the county would make the
9 determination as to whether it's one or two
10 years.

11 LEGISLATOR RHOADS: So the book value
12 has been established at \$27 million flat or is
13 that \$27 million less depreciation?

14 MR. MEYERS: That's effectively with
15 their depreciation.

16 LEGISLATOR RHOADS: Okay. And I believe
17 you indicated that there were boilers and
18 chillers that were there before that we could
19 theoretically operate if, in fact, the plant
20 closed; is that accurate?

21 MR. MEYERS: Yes. If anything happened
22 -- the county originally had the boilers and
23 chillers onsite, and then, subsequent to that
24 point, the county went out for procurement to
25 have a private entity come in and finance the

2 construction of this cogeneration facility, which
3 throws off this waste heat as a result of the
4 electricity process, generating electricity and
5 this throws off this waste heat, which then you
6 generate chilled water and hot water as a result
7 of. You could also really bring in flatbed
8 boilers and chillers as well on a temporary basis
9 to supply any needs that you would.

10 Like I said, through Parsons and through
11 these major companies, which are the biggest in
12 the U.S., that are interested in these types of
13 facilities, they indicated that the existing
14 equipment onsite, which are currently maintained
15 and kept on standby at all times in case the co-
16 gen facility went down, they have been maintained
17 by Suez, are adequate and appropriate to provide
18 the services necessary.

19 LEGISLATOR RHOADS: What's the effect --
20 just really -- it's probably not relevant to
21 really the proposal, but for my own edification.
22 What's the useful life on the plant and its
23 equipment as it is? It's 25 years old at this
24 point.

25 MR. MEYERS: Right. Everybody says

2 this. It's General Electric Frame 6, which they
3 said is 40 or 50 years if you continue to
4 maintain it. It's a significant generator of
5 electricity. They just say it's the workhorse of
6 the industry and they can use it. They could
7 develop that. Most of these proposers, many of
8 the proposers have indicated they may do that,
9 they may take it over on a temporary basis, a
10 long-term basis, or they may bring in their own
11 cogeneration, a new, effectively, Frame 6
12 cogeneration plant and right size it for the
13 appropriate needs of the hub.

14 LEGISLATOR RHOADS: Okay. As you may
15 have heard, by the way, development of the hub
16 has been a topic of conversation around here.

17 MR. MEYERS: I wasn't aware of that.

18 LEGISLATOR RHOADS: Does the existing
19 plant have the capacity to be able to handle the
20 additional infrastructure if, in fact, it winds
21 up getting built?

22 MR. MEYER: Yes. I would say on the
23 chilled it does not. Really, they're at capacity
24 with the chilled, especially in connection with
25 the Coliseum. They would just need to bring on

2 additional chillers in order to provide that.

3 But they could do that. It would have to be in
4 addition to this. But with the chilled water, it
5 is at capacity. The chilled water isn't
6 domestic, coming out of the tap, that's for air
7 conditioning purposes. So at the Coliseum,
8 especially with the increased uses, you would
9 have to bring in that supplemental ability to do
10 that.

11 LEGISLATOR RHOADS: So, presumably, the
12 new plant, if, in fact, we are putting out an RFP
13 theoretically for the construction of a new
14 plant, would include I guess capacity to be able
15 to handle whatever else we're building there?

16 MR. MEYERS: That's correct. And, like
17 I said, the new ones, Frame 6 is essentially
18 1970's technology. They would easily, with more
19 efficient cogeneration facilities that are being
20 produced, provide the necessary capacity for the
21 needs of the hub.

22 LEGISLATOR RHOADS: And would the idea
23 also be to keep the existing plant as a backup?

24 MR. RHOADS: You probably couldn't keep
25 that. One thing is, if the county indicated to

2 Suez that they no longer wanted a cogeneration
3 facility, Suez would probably pull that facility
4 out of there, which they have the right to do and
5 they most likely would, for a certain value.
6 They would probably just keep the boilers and
7 chillers and bring in this new facility.

8 LEGISLATOR RHOADS: Great. Thank you,
9 Mr. Meyers. No other questions. Thank you.

10 CHAIRWOMAN SCHAEFER: Legislator Jacobs
11 has another question.

12 LEGISLATOR JACOBS: I'm really sorry,
13 but I do have another question. Let me ask you a
14 question. If I heard you right, you said around
15 the end of October that the county will be making
16 a determination as to whether it's a one year or
17 two year renewal.

18 MR. MEYERS: I actually said that we
19 have until October. We would intend to do it
20 prior to the issuance of the RFP.

21 LEGISLATOR JACOBS: You intend to do it
22 prior to the issuance.

23 MR. MEYERS: Yes. So we have, pursuant
24 to the amendment, until October to do it. We
25 would do it within the next three to four weeks,

2 prior to the issuance of the RFP. We want to
3 tell the proposers exactly what the county wants
4 to do; whether it be one or two years, because
5 they will need to know that for their planning
6 purposes.

7 LEGISLATOR JACOBS: Okay. So, in other
8 words, their extension is not really based on
9 what this RFP answers will be. The thing we're
10 thinking is it's going out. They're going to be
11 making a determination before the RFP is returned
12 to us with the people that really want to be
13 participating, but that would have nothing to do
14 with this extension?

15 MR. MEYERS: Right. We want to tell the
16 potential proposers exactly what we want to do
17 with this facility, yes.

18 We've met with those proposers -- the are
19 potential proposers -- there many of them through
20 the request for expression of interest process.
21 They would like, I would say, more time to be
22 able to permit the facility and review all the
23 data. Two years is not a lot of time in the
24 industry in order to get one of these facilities
25 constructed.

2 The proposers prefer specificity in the
3 RFP process, and that's why we would tell them
4 what we're interested in.

5 LEGISLATOR JACOBS: Let me ask you
6 something. I know it was 25 years ago. I've
7 only been here 20 years; first time I could say I
8 wasn't here with something.

9 Can I ask you a question? What, in your
10 mind - maybe you have no idea why they did it.
11 What was the reasons for this kind of a facility
12 to be built there rather than a normal electrical
13 charge that people get when they're running
14 things?

15 MR. MEYERS: Right. If you take a look
16 at this technology, many of the buildings - it's
17 usually combined heat and power is what you see
18 in many commercial and residential buildings in
19 Manhattan. You will see this type of -- you're
20 generating the electricity. Plus, it's just
21 waste heat, otherwise it just goes out the window
22 and it goes nowhere. Here it's very efficient
23 and effective because you're using that to
24 generate hot water and it's very efficient and
25 cost effective.

2 Here they actually - my understanding is
3 they built it when they were going to make the
4 Coliseum area the Kennedy Center or it was
5 supposed to be a huge development with many
6 commercial buildings as well as the Coliseum on
7 site.

8 LEGISLATOR JACOBS: Boy, that sounds
9 familiar.

10 MR. MEYERS: Right. Right. Exactly.
11 So that never came to pass. They just converted
12 it and they brought in all these additional
13 customers to make it a cost effective and
14 efficient process.

15 LEGISLATOR JACOBS: Thank you very much.

16 MR. MEYERS: Thank you.

17 CHAIRWOMAN SCHAEFER: Any other
18 questions from the legislators? Legislator
19 Curran.

20 LEGISLATOR CURRAN: About the
21 correctional center, if I'm understanding it
22 correctly, the jail has a deal with the hospital
23 not directly with Suez. So would they have to
24 negotiate their own thing with the hospital? How
25 would that work? I just wanted to make sure that

2 the correctional center is covered.

3 MR. MEYERS: Right. So everyone is
4 subject to the agreement in the lease that the
5 county has. What happens is there is a three and
6 a half mile steam pipe, and that steam pipe goes
7 all the way to NUMC, and they have their own
8 boilers and chillers there, and then that steam
9 is passed along -- it powers the chillers at
10 NUMC, which then passes that along to the
11 correctional facility. But they're all beholden
12 to the rates and the deal that's worked -- that
13 the county is working out under this lease.

14 LEGISLATOR CURRAN: And that will
15 continue this RFP, all the entities will have the
16 same --

17 MR. MEYERS: That's correct.

18 LEGISLATOR CURRAN: genesis.

19 MR. MEYERS: Yes.

20 LEGISLATOR CURRAN: Okay.

21 CHAIRWOMAN SCHAEFER: So then the
22 correctional facility could potentially have
23 better rates as well?

24 MR. MEYERS: That's correct.

25 CHAIRWOMAN SCHAEFER: And the hospital?

2 MR. MEYERS: Yes, that's correct.

3 CHAIRWOMAN SCHAEFER: Thank you.

4 Any other questions?

5 (No verbal response.)

6 Any public comment?

7 MR. WALSH: This is Kevin Walsh. I just
8 wanted to add one small correction.

9 On the actual ordinance for this item it
10 listed as Section 44, Block F, Part of Lot 317C;
11 that was actually accurate back in the '90's.
12 Lot 317C is now known as Lot 407. So I just
13 wanted to make that technical correction.

14 CHAIRWOMAN SCHAEFER: Okay. We need you
15 to submit an amendment before the end of the day
16 on that.

17 MR. WALSH: Okay. That's fine.

18 CHAIRWOMAN SCHAEFER: Thank you.

19 All those in favor of passing this item
20 signify by saying aye.

21 (Aye.)

22 Any opposed?

23 (No verbal response.)

24 The item passes unanimously.

25 There is no other business in front of

1 Planning, Development & Environment Committee - 7-27-15 41
2 this committee, may I have a motion to adjourn?
3 LEGISLATOR DUNNE: So moved.
4 LEGISLATOR RHOADS: Second.
5 CHAIRWOMAN SCHAEFER: Motion made by
6 Legislator Dunne, seconded by Legislator Rhoads.
7 All in favor please say aye.
8 (Aye.)
9 Any opposed?
10 (No verbal response.)
11 The committee is now adjourned.
12 (Whereupon, the Planning, Development and
13 the Environment Committee is adjourned at 3:06
14 p.m.)
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C E R T I F I C A T E

I, FRANK GRAY, a Shorthand Reporter and
Notary Public in and for the State of New York,
do hereby state:

THAT I attended at the time and place above
mentioned and took stenographic record of the
proceedings in the above-entitled matter;

THAT the foregoing transcript is a true and
accurate transcript of the same and the whole
thereof, according to the best of my ability and
belief.

IN WITNESS WHEREOF, I have hereunto set my
hand this _____ day of _____, 2015.

FRANK GRAY